

Federal Crop Insurance Corporation, USDA

§ 400.718

(e) Such other information as deemed necessary by RMA.

[70 FR 41921, July 20, 2005]

§ 400.717 New approved insurance providers.

There may be instances where a new approved insurance provider is entering the crop insurance program for the first time and such approved insurance provider is not affiliated with an MGA, a TPA, another approved insurance provider, or any other entity that possesses the infrastructure necessary to deliver the crop insurance program, that is currently or has previously participated in the crop insurance program.

(a) In such instances, the one time start-up costs that are associated with entering the crop insurance business (*e.g.*, creation of a claims system, interface with RMA's data acceptance system, initial marketing costs, set up charges) must be included in the Expense Exhibits required by the SRA, or the applicable regulations or approved procedures, but the costs may be amortized in equal annual amounts for a period of up to three years for the purpose of determining the efficiency on the documents described in § 400.720, in a manner determined by RMA.

(b) If the approved insurance provider is affiliated with a MGA, a TPA, another approved insurance provider that previously participated in the crop insurance program but such MGA, TPA, or other approved insurance provider can demonstrate that it no longer has the infrastructure to operate the program, the FCIC Board of Directors, in its sole discretion, can authorize the amortization of start-up costs in accordance with paragraph (a) of this section.

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§ 400.718 RMA Review

If an insurance provider requests eligibility for the opportunity to offer a premium discount under the premium reduction plan:

(a) For the 2006 reinsurance year, RMA will notify the approved insurance provider not later than 30 days after the date the approved insurance provider submits its request for eligi-

bility for the opportunity to offer a premium discount under a premium reduction plan, whether it is eligible.

(b) For all subsequent reinsurance years, RMA will notify the approved insurance provider at the same time it approves the Plan of Operations whether it is eligible.

(c) An approved insurance provider may be determined to be eligible for the opportunity to offer a premium discount under the premium reduction plan if, in the sole determination of RMA, all of the following criteria are met:

(1) All information required in § 400.716 is included in the request for the opportunity to offer a premium discount under the premium reduction plan;

(2) The marketing plan is designed to be effective at reaching all producers in the State, especially small producers, limited resource farmers as defined in section 1 of the Basic Provisions in 7 CFR 457.8, women and minority producers;

(3) The implementation of any activities to enable the approved insurance provider to pay a premium discount does not impede the approved insurance provider's ability to comply with all requirements of the approved procedures, law, and regulation;

(4) There must be a reasonable assurance that producers, especially small producers, limited resource farmers as defined in section 1 of the Basic Provisions in 7 CFR 457.8, women and minority producers, insured by the approved insurance provider will not experience a reduction in service;

(5) The insurance provider can demonstrate that it is operationally and financially capable and ready to serve, all producers in that State; and

(6) The approved insurance provider's resources, procedures, and internal controls are adequate to provide a premium discount under the premium reduction plan, make approved premium discount payments in a timely manner, prevent unfair discrimination, and comply with all applicable laws, regulations and approved procedures.

(d) If the approved insurance provider is determined by RMA to be eligible for the opportunity to provide a premium discount under the premium reduction